

OBSTACLES TO INCREASING THE AVAILABILITY OF AFFORDABLE ASSISTED LIVING IN ALASKA

JUNE 2003

1. **Insurance.** Requirement by state regulation for homes serving 1 - 10 people: not less than \$100,000 per resident of bodily injury liability insurance, and not less than \$100,000 per resident of professional liability insurance. New homes are finding it impossible to get insurance at all, and existing homes have seen their rates rise to an average of \$25,000/year for a home serving five residents. Our expected response to this crisis is to rescind the regulation requiring insurance.
2. **Constraints on the state Medicaid budget.** Most rural and urban assisted living in Alaska is funded by Medicaid. Increasing the number of homes will produce increasing strain on the Medicaid budget. One response is to encourage tribal health corporations to assume the ownership/operation of rural homes as much as feasible. If tribal health is the owner or operator, Medicaid costs are reimbursed 100% by the federal government (100% FMAP). In many rural areas, this is not an unreasonable approach, and is being encouraged by the State.
3. **Undefined, uncertain and small markets.** Currently, there are eight homes in rural areas (isolated, in towns fewer than 10,000 people). All of these homes have significant occupancy problems; most are about half- full. The lack of data and lack of a clear understanding of the actual market hinders the development of new homes; developers are reluctant to invest, and funders are reluctant to fund.
4. **Cost of construction.** In many rural parts of the state, hard construction costs average \$300/sq.ft. All-in costs may exceed \$400/sq.ft. The reason for the high cost include the cost of transporting materials long distances by barge, site development on permafrost or floodplains, labor costs, short construction season, mobilization costs (costs for transportation and housing for workers, architects, engineers, and review officers).
5. **Lack of templates, development models, model business plans, and feasibility analyses for small homes.** The availability of more "tools" would help communities and funders to plan better. These tools are being developed by the Alaska Coming Home Program, with assistance from the NCBDC.
6. **Cost of room and board may exceed resident income.** Since Medicaid only pays for services, residents must pay for their room and board. Average income is about \$1000/month; in many communities the FMR for a studio or 1-bedroom apartment may be \$900, and food costs are high because of transportation costs. Rental assistance programs (such as Section 8) are seldom available in rural areas. Two solutions have been proposed. One is to convert units from independent housing that have rental assistance programs, such as RD515 projects. Another is to utilize NAHASDA funds for rental assistance to tribal members.
7. **Lack of hospitals and doctors in rural areas.** Because of the level of disability experienced by Medicaid-waiver eligible people, close medical oversight may be needed. Hospitals are located in 16 communities in the state. Very few doctors are based in areas other than these locations. A system of rotating specialists work throughout the state, and in most rural areas, health care is routinely provided by paraprofessionals such as community health aides. In some areas, mid-level practitioners provide the majority of care. Many resources are currently being devoted to upgrading the clinics in rural areas and to increasing the amount of staff training opportunities available. The development of appropriate technology, such as telemedicine, is also a major focus.